

Part 3 General Program Requirements

31 ECOA (7 CFR 762.101(b))

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Purpose

The Agency issues guarantees on loans made to qualified loan applicants without regard to race, color, religion, sex, national origin, marital status, or age, provided the loan applicant can enter into a legal and binding contract, or whether all or part of the applicant's income derives from any public assistance program or whether the applicant, in good faith, exercises any rights under the Consumer Protection Act.

ECOA prohibits discrimination against recipients of Federal financial assistance in the delivery of services to the public and in employment practices. FSA is required to comply with nondiscriminatory and equal opportunity practices in guaranteed loan making and servicing actions.

--See 1-FLP, paragraph 41 for explanation of ECOA and USDA Nondiscrimination Policy and the Nondiscrimination Statements.--

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32 Conflict of Interest (7 CFR 762.110(f))

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Definition and Reporting

When a lender submits the application for a guaranteed loan, the lender will inform the Agency in writing of any relationship which may cause an actual or potential conflict of interest.

Relationships include:

- C** the lender or its officers, directors, principal stockholders (except stockholders in a Farm Credit System institution that have stock requirements to obtain a loan), or other principal owners having a financial interest (other than lending relationships in the normal course of business) in the loan applicant or borrower
- C** the loan applicant or borrower; a relative of the loan applicant or borrower; anyone residing in the household of the loan applicant or borrower; any officer, director, stockholder or other owner of the loan applicant or borrower holds any stock or other evidence of ownership in
 --the lender (except stockholders in a Farm Credit System institution that have stock requirements to obtain a loan)--
- C** the loan applicant or borrower; a relative of the loan applicant or borrower; or anyone residing in the household of the loan applicant or borrower is an Agency employee
- C** the officers, directors, principal stockholders (except stockholders in a Farm Credit System institution that have stock requirements to obtain a loan), or other principal owners of the lender have substantial business dealings (other than in the normal course of business) with the loan applicant or borrower
- C** the lender or its officers, directors, principal stockholders, or other principal owners have substantial business dealings with an Agency employee.

The lender must furnish additional information to the Agency upon request.

The Agency will not approve the application until the lender develops acceptable safeguards to control any actual or potential conflicts of interest.

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32 Conflict of Interest (7 CFR 762.110(f)) (Continued)

B**FSA Employees**

An FSA employee shall not participate, directly or indirectly, in deliberations on, or determination of, any matter affecting the application or servicing of guaranteed (or direct) loan to any relative of the employee, any person residing in the employee's household, anyone with continuing business dealings with the employee, or any entity controlled by the employee.

Any processing or servicing activity conducted according to this subparagraph is subject to the provisions of 7 CFR Part 1900, Subpart D.

33 Review and Appeals (7 CFR 762.104)

A**Request for an Appeal**

The loan applicant or borrower and lender must jointly execute the written request for review of an alleged adverse decision made by the Agency. However, in cases where the Agency has denied or reduced the amount of the final loss payment, the decision may be appealed by the lender only.

A decision made by the lender adverse to the borrower is not a decision by the Agency, whether or not concurred in by the Agency, and may not be appealed.

The lender or Agency may request updated information from the borrower to implement an appeal decision.

B**Handling Appeals**

Appeals will be handled according to 1-APP.

34 Lender List and Classification (7 CFR 762.101(c))

A**Lender List**

The Agency maintains a current list of lenders who express a desire to participate in the guaranteed loan program. This list is made available to farmers upon request.

B**Classification**

Lenders who participate in the Agency guaranteed loan program will be classified into one of the following categories:

- C** Standard Eligible Lender
 - C** Certified Lender
 - C** Preferred Lender
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34 Lender List and Classification (7 CFR 762.101(c)) (Continued)**C
ALP**

Lenders may continue to make loans under Approved Lender Program (ALP) agreements until they expire; however, these agreements will not be renewed when they expire. All ALP agreements with farm credit institutions will expire on February 12, 2001.

Use the following letter to notify lenders when ALP agreements expire.

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<p style="text-align: right;">Date: _____</p> <p>Dear _____:</p> <p>This letter is to advise you that your agreement under the Farm Service Agency's (FSA) Approved Lender Program (ALP) will expire on <i>(insert date ALP agreement will expire; for Farm Credit Services institutions, insert February 12, 2001)</i>. You may continue to make loans under that agreement until it expires. However, because of changes to the guaranteed loan regulations and the addition of the Preferred Lender Program, ALP agreements will not be renewed.</p> <p>If you have not already done so, we encourage you to apply for status under one of FSA's other lender classifications.</p> <p>Please feel free to contact us if you have any questions.</p> <p style="text-align: right;">Sincerely,</p> <p style="text-align: right;">_____ (Title)</p>

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35-45 (Reserved)

